

FISCAL NOTE

Bill #: SB0408 **Title:** Adjustment to state income tax for certain health care professionals

Primary Sponsor: Nelson, L **Status:** As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	FY 2004 Difference	FY 2005 Difference
Revenue:		
General Fund	\$(37,500)	\$(37,500)
Net Impact on General Fund Balance:	\$(37,500)	\$(37,500)

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact
<input type="checkbox"/> Included in the Executive Budget
<input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Technical Concerns
<input type="checkbox"/> Significant Long-Term Impacts
<input type="checkbox"/> Needs to be included in HB 2 |
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Fiscal Analysis

ASSUMPTIONS:

1. This bill would allow certain individual income taxpayers to exclude up to \$5,000 from the taxpayer's adjusted gross income. In order to be eligible for this exclusion the taxpayer must:
 - a) be a health care professional licensed in Montana as provided in Title 37;
 - b) be serving a significant portion of a designated geographic area, special population, or facility population in a federally designated health profession shortage area, a medically underserved area or population or a federal nursing shortage county as determined by the secretary of health and human services or by the Governor;
 - c) have had a student loan incurred as a result of health-related education; and
 - d) have received a loan payment made under a qualifying loan repayment program as described in the bill.
2. The impact that this bill will have on the state general fund will depend on the number of taxpayers using this income exclusion. The average wage of all health care industry workers in 2001 was \$30,500. Taxpayers at this income level face an average effective tax rate of 3%. An exclusion of \$5,000 from the taxpayer's income would reduce the taxpayer's liability by \$150 (\$5,000 X 3% = \$150). General fund revenue would be reduced by \$150 for every taxpayer using this exclusion, assuming the entire \$5,000 would be excluded.
3. There are 35,410 persons employed in Montana in the health care industry. Of these, the number that meet the above requirements total 250 persons.
4. The above assumptions result in a reduction in general fund revenue of \$37,500 annually (\$150 X 250 = \$37,500).

There are no increased administrative expenses as a result of this bill for the Department of Revenue.